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Annex "A," Subparagraph 1b, AF15
Sociological Background

HISTORICAL SETTING

I. INTRODUCTION

631 On the basis of historical and cultural development, no valid reason existed for designating the five provinces of Shantung, Anhwei, Kiangsu, Chekiang, and Fukien as a common and distinct unit. The grouping of these five provinces as the East China Region from 1949 to 1954 by the Communist regime was an accident of recent history. When the vast territory south of the Yellow River fell suddenly into Communist hands during 1949, the victors solved the problem of administering it by placing the various field army commanders in control of the provinces their armies held. The East China Region coincided with the territory held by the Third Field Army under Ch'en I.

II. HISTORICAL AND CULTURAL DEVELOPMENT

175 A. Interaction of the Yellow River and Yangtze River Cultures

Western Shantung along the present course of the Yellow River was at the eastern extremity of the prehistoric cultures from which developed the first organized state in China -- the Shang

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175 (c. 1520 to c. 1030 B.C.).[1] Based on the irrigated cultivation of millet, this Bronze Age civilization became the mainstream of developing Chinese culture. It spread out from the Yellow River area of the North China plain in all directions to the limits of arable land and topographical barriers, absorbing other cultures and integrating elements of them.[2]

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[133] 1. For most of the historical era the Yellow River flowed through northwestern Shantung. However, at various times and from 1324 to 1852, the river followed a course south of Shantung, emptying into the sea more than 250 miles south of the former and present river mouth. See map in Walter H. Mallory, China: Land of Famine (American Geographical Society Publication No. 6), New York, American Geographical Society, 1926, Fig. 29, p. 49.

2. On Chinese prehistory and development of the Chinese state see H. G. Creel, The Birth of China, London, Jonathan Cape, 1936; and Wolfram Eberhard, A History of China, Berkeley and Los Angeles, University of California Press, 1950, pp. 3-21. Joseph Needham, Science and Civilization in China, Vol. I, Cambridge, England, the University Press, 1954, pp. 72-99, summarizes both the foregoing presentations and other modern scholarship on China's early development.

•175 The low lying mountains of central Shantung, the peninsula they blocked to the east, and the separate rice cultures of the Hwai and Yangtze rivers initially presented problems that early Shang military and agricultural techniques could not overcome. By about 1100 B.C., however, Shang civilization was dominant in all these areas but the Yangtze plain.[3] In the early centuries of the succeeding Chou Dynasty (c. 1030 to 221 B.C.), military pressure and migration from the North provided the Yangtze culture with the stimulation and techniques necessary for developing strong political organizations and effective armed defense. As new states began forming in that area during the eighth century B.C., the old Chou territories were fragmenting into petty kingdoms. Those in Shantung, Anhwei, Kiangsu, and northern Chekiang were strongly influenced by their original native cultures.

In the struggle for survival and supremacy that ensued among the principalities down to the third century B.C., two originally non-Chou kingdoms became the principal contenders for hegemony over all China. The state of Ch'u dominated the Yangtze area from Chungking to the sea by 333 B.C., and Ch'in was expanding from the

3. On the spread of Shang civilization see C. W. Bishop, "The Geographical Factor in the Development of Chinese Civilization," Geographical Review, Jan., 1922, pp. 28-29; and map in Albert Herrmann, Historical and Commercial Atlas of China, Cambridge, Mass., Harvard University Press, 1935, p. 9.

175 northwest into the Yellow River region. The victory of Ch'in over Ch'u in 223 B.C. was followed two years later by the establishment of the first unified Chinese Empire. This process of Chinese unification, whereby consolidation of power in either the Yellow or the Yangtze river areas was the basis for further expansion and the establishment of empire, was repeated many times over in the succeeding centuries.[4]

B. The Foundations of Confucianism

812 In the four centuries before the emergence of the first Chinese Empire (221 B.C.), the principal philosophies with which China was to be occupied for the next two millenia were developed in the East China Region.[5] From the small,

4. On the influence and fragmentation of the Chou state and the rise of the Ch'in unified empire see Eberhard, op. cit., pp. 25-68; Needham, op. cit., pp. 90-98; and Kenneth S. Latourette, The Chinese: Their History and Culture, 2nd ed., rev. (two volumes in one), Vol. I, New York, The Macmillan Co., 1934, pp. 42-83.

5. Readable summaries of the philosophers, their ideas and influence which are mentioned in the following pages may be found in H. G. Creel, Chinese Thought from Confucius to Mao Tse-tung, Chicago, University of Chicago Press, 1953; E. R. Hughes, Chinese Philosophy in Classical Times, London, J. M. Dent and Sons, Ltd., 1942. For translations of the works of individual philosophers see "Suggestions for Further Reading," Creel, Chinese Thought, pp. 263-65.

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812 of utilitarianism and universal love. More precise and systematic in his argument than his predecessors or contemporaries, he and more particularly his later disciples began to work out a methodology of argument that, along with his program for social improvement, endeared him and his followers to revolutionary thinkers of the twentieth century such as Hu Shih.[8]

The antithesis of Confucianism in China was Taoism. It had its beginnings in the time of Confucius, but its greatest exponent was Chuang-tzu, who is supposed to have lived in Anhwei during the last half of the fourth century B.C. The source of Taoism has been attributed both to a note of protest against the rise of the formalistic, aristocratic city civilization which marked the feudal system of the late Chou and to an element of thought prevalent in the Yangtze civilization. Oriented to anarchy and inaction, the Taoist philosophy opposed the rites, ethical system, cultivation of character, and learning of the Confucian school as well as the intellectualism and utilitarianism of Mo Ti and his followers.

1775 1777 D. Sinification of the East China Region

The East China Region was brought into

8. See for instance Tsi C. Wang, The Youth Movement in China, New York, New Republic, Inc., 1927, pp. 12, 46-47.

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both the Ch'in (221 to 206 B.C.) and Han (206 B.C. to A.D. 220) empires. The reaction of the independent Yangtze civilization to the Confucian orthodoxy evolving in the last half of the first century B.C. may be detected in the thinking of Wang Ch'ung, a native of what is today Chekiang. A fatalist influenced by both Confucianism and Taoism, he depreciated the Han Confucianists' emphasis on the importance of man, their belief in natural phenomena as signs of heaven's judgment on human behavior, and their acceptance of the authenticity of ancient historical literature. His arguments were fuel for Confucian revisionists during the remainder of the imperial period and for the anti-Confucianists of the republican era.

At the end of the Han Dynasty, the East China Region with the exception of present-day Shantung was still inhabited by mountain-dwelling Yüeh and valley-dwelling rice cultivators who had not been absorbed into the Chinese civilization. In the post-Han period of disunion, the Wei Kingdom (220 to 264) centered on the Yellow River, and the Wu Kingdom (220 to 280) centered on the Yangtze River undertook active measures to eliminate or absorb these alien groups. Military campaigns were followed by the establishment of colonies of soldiers to construct communication and irrigation waterways

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and farm the land.[9]

Despite the sinification efforts of Wu, Fukien and southern Chekiang were slow in accomodating to Chinese civilization. Encompassed by mountain ranges, the area has always been difficult of access by land, and its narrow river valleys posed problems not easily solved by the agricultural techniques evolved on the broad plains bordering the Yellow, Hwai, and Yangtze rivers. The Yellow River civilization had had practically no influence on the independent political organizations the southern peoples had developed by the third century B.C.,[10] but they succumbed to the Ch'in and Han drives to unify China. After the Han Emperor Wu Ti (140 to 87 B.C.) conquered the area, he is reported to have transplanted great numbers of its people to the Hwai River valley as a means of speeding their integration into the Chinese system.[11]

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9. Harold Wiens, China's March Toward the Tropics, Hamden, Conn. Shoe String Press, 1954, p. 140; Chi Ch'ao-ting, Key Economic Areas in Chinese History, London, George Allen and Unwin, 1936. pp. 98-104.

10. Wiens, op. cit., p. 8.

11. Latourette, op. cit., pp. 111-12.

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177 However, the development in Fukien of water-control projects -- a mark of Chinese traditional civilization -- began only under the Western and Eastern Chin dynasties (265 to 420). It remained minor until the Sui Dynasty (581 to 618), became large-scale only with the T'ang Dynasty (618 to 906), and reached the highest stage of expansion under the Sung Dynasty (960 to 1279).[12]

E. The Yangtze Basin as a Key Economic Area

The beginning of large-scale construction of water-control works in Fukien was accompanied by an increase of this type of activity in Chekiang and Kiangsu. The impetus was provided by the mass immigration of Han-Chinese fleeing from nomad invasion, drought, and famine above the Yellow River at the end of the third century and the beginning of the fourth century.[13] The establishment of the Eastern Chin Dynasty (317 to 420), with its capital near present-day Nanking, facilitated Han-Chinese dominance in the area and encouraged its agricultural development.

By the time of the Sui Dynasty (581 to 618), the Yangtze delta area of East China achieved

12. Chi, op. cit., pp. 40-45, 130-31, and table, p. 36.

13. Wiens, op. cit., pp. 176-79; Eberhard, op. cit., pp. 125-162.

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175 177 an economic and agricultural development equal to that of the Yellow River area. However, the political center of the unified empire under the Sui and T'ang (618 to 906) dynasties remained at Ch'ang-an. To link the Yangtze economic base with the capital, the Sui Dynasty constructed a number of canals that joined together older canals and rivers to create a fairly direct water route from Ch'ang-an (present-day Sian) to Hangchow via Kaifeng, Huai-an and Yang-chou. Other construction projects linked Ch'ang-an with Peking, providing a continuous though circuitous water route from Peking to Hangchow. This series of projects, resulting in the first Grand Canal, entailed the labor and misery of millions of drafted, unwilling workers.[14]

Serving as a military and tax-grain transport system tapping the wealth of the Yangtze Valley, the waterway stimulated the further rapid development of agriculture in Chekiang, Kiangsu, and Anhwei. At the beginning of the eighth century, it was estimated that these three provinces and Kiangsi in the Central-South Region were supplying nine-tenths of the total land tax of the T'ang Empire.[15]

Under the alien Yüan Dynasty (1260 to 1368), the section of the old canal from

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14. Ghi, op. cit., pp. 98-129.
15. Ibid., p. 125.

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177 Hangchow to Huai-an was restored and a new series of canals were constructed through western Shantung to provide a more direct route from the heart of the key economic area to the Mongol capital at Peking.[16] Although free from the risks and losses of ocean transport and less vulnerable to pirate raids along the coast, the inland waterway was increasingly costly to maintain and operate. Technical problems and innovations and the mismanagement of a corrupt bureaucracy brought the usefulness of the canal to an end at the beginning of the twentieth century.[17]

F. Division in the East China Region

Although it was the key economic area of the T'ang Empire, the Yangtze delta region was still divided on geographical and historical lines. Its physical and cultural homogeneity was advanced under the Sung Dynasty by improved communications and the influx of a cultured elite when the conquest of North China by the Juchen Tartars forced the Sung court to move its capital from Kaifeng to Hangchow in 1127. By the end of the dynasty (1279), the lower Yangtze

16. Ibid., pp. 139-41.

17. See Hu Ch'ang-tu, "The Yellow River Administration in the Ch'ing Dynasty," The Far Eastern Quarterly, Aug. 1955, pp. 505-13.

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region had reached a stage of economic and cultural development and unity that was not substantially altered until the intrusion of the Western powers after 1842.[18]

While the Yangtze delta area was being developed and unified, Anhwei and Kiangsu above the Hwai River and all of Shantung were surrendered to the Juchen Tartars. Initial attempts under the Sung general Yo (Yüeh) Fei to regain the territories lost in 1127 were thwarted when his execution was engineered in 1141 by a pacifist faction under the chief minister at court, Ch'in Kuei (Kuai). A peace treaty was then negotiated with the Tartars whereby the Sung was obliged to cede its former possessions above the Hwai River and pay a yearly tribute to the alien power. Through subsequent centuries up to the present day, the story of the hero-patriot Yo (Yüeh) Fei and the base traitor Ch'in Kuei (Kuai) has been made widely known throughout China by historical fiction and drama.

This division of the East China Region from 1127 to 1279 was a repetition of what had occurred during most of the fourth, fifth, and tenth centuries. While the North was subject to alien rule by various nomad tribes originally from the north and west of China, Chinese culture

18. Chi, op. cit., p. 133.

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was making some of its greatest advances in the South.[19] Differences in dress, spoken language, and habits of daily life grew out of this division. Also, the consciousness within North and South of their separate identities was reinforced and has never been completely eradicated.

However, these differences should not be too much stressed. A sufficient number of the families stayed in the North to fill most of the administrative jobs under the alien dynasties and instill Chinese values and forms of organization in the conquerors.[20] Moreover,

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19. The best accounts of the nomadic conquest and rule of North China are: Eberhard, op. cit., pp. 110-77, 207-39; Wolfram Eberhard, Conquerors and Rulers,, Leiden, E. J. Brill, 1952, pp. 64-120; and Karl Wittfogel, Feng Chia-sheng, et al, History of Chinese Society: Liao (907-1125), issued as Transactions of the American Philosophical Society, n.s. 36, 1946, Philadelphia, The American Philosophical Society, 1949.

20. Eberhard, A History of China, pp. 178-79, makes much of the differences that grew up between North and South during the first period of division. In his Conquerors and Rulers, pp. 65-121, however, Eberhard demonstrates the persistence of the Chinese cultural and political administration in the North under alien rule. Needham, op. cit.,p. 119, minimizes the differences that grew out of the period of division.

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175 since the Mongol conquest of China in 1279, 177 the country had been almost continuously united until the middle of the nineteenth century, when the Taiping Rebellion opened the way for an upsurge of provincial autonomy.

G. The Seaward Orientation of Fukien

Handicapped by a mountainous terrain that increased the normal difficulties of farming and limited communication by land with the rest of China, Fukien tended to breed a highly individualistic and truculent people, strongly drawn toward the sea. They resisted the intrusion into the province of the imperial power and put their seamanship to whatever use promised the most advantage to themselves. Many coastal people emigrated to the South Seas and Southeast Asia, but the majority stayed home to engage in fishing, foreign and domestic trade, and fighting on the sea.

From the time of the T'ang Dynasty, and especially during the Sung Dynasty, what is today the port of Ch'üan-chou was one of the Chinese Empire's principal foreign trade 706 centers.[21] During and after the time of the Sung, natives of Fukien contributed a high proportion of the sailors in China's merchant

21. Latourette, op. cit., pp. 205, 250.

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579 One of the most famous of these pirates was Cheng Chih-lung, a native of Fukien who had married a Japanese woman. He was eventually persuaded by the Ming court to give up his freebooting and accept the official position of guarding the coast against pirates and Dutch traders. His even more famous son, Cheng Ch'eng-kung, is known to the West as Koxinga. In the service of the Ming Dynasty, he gained esteem by defending his home province against the invading Manchus until forced by superior numbers to retire to Formosa. After driving out the Dutch traders who had seized it as a center for commerce with China, he used the island as a base from which to mount raids against the Chinese coast. So great was the menace he, and his son after him, posed to the new ruling Ch'ing Dynasty (1644 to 1912), that it ordered the depopulation of the Chinese coast from Shantung south. The order was most strictly enforced in Fukien, undoubtedly because of the sympathy, aid, and bases Koxinga and his forces might expect to find there. Only in 1683 was habitation of the Fukien coast again permitted by imperial order.[23]

• 175 H. The Rise of the Ming Dynasty

The last native dynasty to rule China, the Ming (1368 to 1644), was a product of the lower Yangtze area of the East China Region. Its founder, Chu Yüan-chang, was the son of

23. Cf. A.W. Hummel, Eminent Chinese of the Ch'ing Period, Vol. I, Washington, D.C., Library of Congress, 1944, pp. 108-11; and Latourette, op. cit., pp. 310, 331-32.

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175 a poor, farming family in Anhwei. Having lost his parents in one of the frequent famines that marked the last years of the alien Mongol Dynasty (1260 to 1368), the orphan became a novice at the Buddhist Monastery of Huang-chüeh in Feng-yang, Anhwei Province. Forced out of his refuge by a bandit raid, Chu joined one of the marauding gangs in the vicinity and quickly rose to a position of leadership. Having made himself master of the lower Yangtze valley, he pressed into the Yellow River area, drove out the Mongols from their capital at Peking, and became ruler of all China in 1368 under the reign title of Hung Wu. The national capital was maintained at the original seat of the ruling house in Nanking until 1409, when a son of Hung Wu usurped the throne from the dynastic founder's grandson and moved the political center of the country to his own power base at Peking.[24]

I. New Elements in Chinese Thought

812 While the Southern Sung maintained its capital at Hangchow, Chekiang and Fukien became the cultural heart of China. It was during this period that Fukien contributed its most notable figure to Chinese history -- Chu

24. Latourette, op. cit., pp. 286-87; Eberhard, A History of China, pp. 252-54, 258-59, 268-69.

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FIVE

The Opening of the City to Foreign Trade and its Early Development

Canton and the Treaty Ports

The treaty ports* were an answer to the expansionist foreign pressure for trade with seclusionist China. The Ch'ing government (1644–1911) hoped that by granting trade privileges only in these cities it could confine the scope of the Westerners and protect the body of China from their disturbing activities. But when the Canton system was broken by the Anglo-Chinese war of 1841–42, the foreigners envisaged a continually expanding trade with the potentially immense China market. Sir Henry Pottinger, chief of the British delegation at the Treaty of Nanking, stated that the treaty had opened to trade "a market so vast that all the mills of Lancashire could not make stocking stuff enough for one of China's provinces."[1] Western economic enterprise, once given a foothold and an opportunity under its own laws to buy and sell with the Chinese, was a dynamic growth which could not be checked by treaty provisions.

The Canton system of the eighteenth century, under which the British East India Company and later private American firms were permitted to establish trading factories in a limited area of the city set aside for them, was an increasing annoyance to foreign merchants. Several diplomatic missions to Peking, including that of Viscount Macartney in 1793 and of Lord Amherst (who was not even received by the court) in 1816, all failed to obtain a relaxation of

* Canton, Amoy, Foochow, Ningpo, and Shanghai were opened to foreign trade by the Treaty of Nanking in 1842, and eleven further ports, including Hankow, Kiukiang, Chinkiang, Nanking, and Tientsin were added by the Treaty of Tientsin in 1858, although the actual opening of Nanking was deferred until 1899, a reflection of its poor location compared with Shanghai (see map 1).

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439 restrictions on the trade at Canton or the opening of further ports
648 to foreign trade. These changes finally came about only as a result of
175 the Anglo-Chinese war of 1841–42. Under the old system at Canton, foreign traders were virtually confined to their trading factories, were forbidden to bring in women or arms, and were allowed in Canton at all only during the trading season, which largely as a result of monsoon winds essential to overseas trade movements by sailing vessels, and particularly favorable to shipping in and out of Canton, lasted from September to April. However, the foreigners thus avoided the uncomfortably tropical summer in Canton. They spent the hot months for the most part in Macao, a remnant of the once extensive Portuguese empire in the East, at a distance of some 75 miles southeast of Canton and on the tip of a hilly and narrow peninsula jutting into the sea, where the breeze seldom failed.

439 Most cramping of the restrictions was that requiring all foreigners
648 to trade only through the Canton merchants' guild, or Cohong, es-
175 tablished with official support in 1720 as the principal instrument for
441 controlling the foreigners, armed with full governmental powers of enforcement of the factory regulations, as well as the monopoly of trade with the foreigners under conditions which yielded them enormous profits. Disputes between Chinese and foreigners arising out of the trade were settled by the Cohong, and protests against abuses could be made by foreigners to the Chinese government only through the Cohong.[2]

439 One of several attempts to break out from this system independently of the Government at Peking was made in 1832, when the British East India Company (shortly before its monopoly of the British trade with China was removed by Parliament in 1834) sent the ship *Lord Amherst* with a commercial mission under Hugh Lindsay (with the Rev. Karl Gutzlaff as interpreter) to request trade privileges from the local officials at other ports on the China coast. Lindsay was refused entry at Amoy, Foochow, and Ningpo, but he obtained an interview with the taotai (Intendant of Circuit, or chief local official) at Shanghai. The taotai informed Lindsay that Canton would remain the only port where foreigners could trade, but Lindsay was enthusiastic about the possibilities of Shang-

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dinary advantages which this place possesses for foreign trade it is wonderful that it has not attracted more observation."[7]

The lack of attention to Shanghai of which Lindsay complained had been beyond the powers of the foreigners to remedy, as Lindsay discovered for himself when his request for trade privileges there was refused. The tension at Canton finally resulted in open hostilities nine years later. Early in the course of the war of 1841–42 the British occupied the Chusan Islands at the mouth of Hangchow Bay, and interest was revived in making that well-protected site the principal base for British trade, as earlier surveyors, including Lindsay, had suggested.* However the further progress of the war required British occupation of the mainland ports, and a fleet under Sir William Parker, after taking Amoy, Foochow, and Ningpo, arrived off Woosung June 13, 1842, and captured the forts commanding the mouth of the Whangpoo. The British planned to invade the Yangtze valley and by appearing in force on the river and capturing Chinkiang block the movement of rice via the Grand Canal to Peking.

Shanghai was taken, and then evacuated by the troops on June 23, in order to concentrate on the advance to Chinkiang and Nanking. The treaty, signed at Nanking on August 29, created the treaty ports already named, where British merchants and their wives could reside permanently, with their own consuls, and importing goods into China under a fixed and nominal tariff (it averaged about 5 per cent *ad valorem*) without any requirement to trade through a Cohong or under official supervision. Article II of the treaty contained the provision that "British subjects shall be allowed to reside, for the purposes of carrying on their mercantile pursuits, without molestation or restraint, in the cities of Canton, Amoy, Foochow, Ningpo, and Shanghai . . . Her Majesty, the Queen of Great Britain (etc.) will appoint superintendents or consular officers to reside at each of the above mentioned cities to be the medium of communication between the Chinese authorities and the said merchants . . ."[8]

No other mention was made in the treaty about foreign rights of

* This plan was not abandoned in favor of Hong Kong until the very end of the war.

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settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries." [9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected.

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively.

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889.

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their

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Other Trade Goods

439 Shanghai was fortunate in that as China's monopolies of the tea and silk trade disappeared by about the turn of the century, the Yangtze continued to concentrate there for export a large proportion of the goods which now became the staples in China's more diversified foreign trade (table I). These goods: vegetable oils, hides, skins and bristles, eggs, and fibers, were staple products of the Yangtze basin, and their marketing in Shanghai was as logical as that of tea and silk. In this new trade, Hankow was the principal inland collection and distribution center, but as with tea, its direct exports overseas remained slight, and actually decreased after 1880 when steam navigation on the Yangtze had become firmly established.[85] Hankow sent the bulk of goods destined for export to Shanghai for transshipment.

438 Hankow's water connections enabled it to draw these goods not only from Szechuan, Hupeh, and Hunan along the Yangtze itself but also from Shensi, Honan, Kweichow, and Kwangsi via Yangtze tributaries. Szechuan led all the other provinces in the production of wood oil (t'ung oil), wax and tallow, and bristles, and was a leading producer of hides and skins, fibers, and other vegetable oils. Production of vegetable oils, raw cotton and other fibers, and eggs was also important in the lower Yangtze basin in Anhwei, Chekiang, and Kiangsu. While their production was less localized than was the case with tea and silk, and also because of this scattering, Shanghai had easier, cheaper, and quicker transport connections than any other leading port with these or other producing areas. The Yangtze also enabled Shanghai to exchange its foreign imports (and after 1920 increasingly its own industrial production) for export goods over a wider market and with greater ease and cheapness than rival commercial centers.

669 175 The disruptions of the Taiping Rebellion and attendant local uprisings (1850–1864) were heavy in the Yangtze delta, and the largest military campaigns were fought there. Shanghai itself acted as an invaluable base for the efforts of the Ch'ing government to suppress the rebellion, since with the support of foreign troops and volunteers, the city was able to hold out against a rebel tide which

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engulfed every other delta city of importance. It was from Shanghai that the famous "Ever Victorious Army" (composed of both Chinese and foreigners led by the American Frederick Ward and, after his death from wounds, by the British Major Charles ["Chinese"] Gordon) conducted its decisive campaigns on behalf of the Ch'ing government against the Taipings and retook all the delta cities before the eventual recapture of Nanking in 1864. Shallow-draft boats carrying both bombardment guns and troops and using the pattern of delta waterways leading from Shanghai gave this army a crucial advantage of mobility against the numerically greatly superior Taiping forces.

Shanghai's land and speculative boom and the defense of its boundaries during this period are briefly discussed above in Chapters One and Two, but two other results of the rebellion were of greater significance: the establishment of the Imperial Maritime Customs, with the commercial advantage which this gave to Shanghai (see below, Chapter Eight); and the damage to the tea and silk industries (which were concentrated in the delta and its immediate environs) together with the blocking of the normal trade routes, which was followed after 1862 by new opportunities for the expansion of a more diversified trade. Shanghai suffered substantially from the losses inflicted on its trade in these two key commodities. But the pliability of the Ch'ing government, in recognition of the fact that foreign military assistance from Shanghai was instrumental if not decisive in the suppression of this mass rebellion, played its part in the granting of free navigational rights on the Yangtze, more from apprehension than from gratitude. The foreigners, undismayed by the illogicality of their position from a diplomatic point of view (British naval and land forces were attacking Taku and Peking at the same time that British forces were fighting against the Taipings in the delta area), were encouraged by their military successes to press their demands for wider commercial opportunity. The rebellion revealed Shanghai's vulnerability as long as its trade was so heavily dependent on the two local or semi-local staples of tea and silk, and at the same time re-emphasized possibilities for a broader and larger trade in the Yangtze valley as a whole. Though the trade in tea and silk recovered rapidly after the fighting (see table I),